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UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

DMF, Inc., a California corporation,
 Plaintiff,

v.

AMP PLUS, INC., d/b/a ELCO
 LIGHTING, a California corporation;
 ELCO LIGHTING, INC., a California
 corporation,

Defendants.

AMP PLUS, INC., d/b/a ELCO
 LIGHTING, a California corporation;

Counterclaimant,

v.

DMF, Inc., a California corporation,
 Counter-Defendant.

Case No. 2:18-cv-07090-CAS-GJS

**DEFENDANT AMP PLUS, INC. dba
 ELCO LIGHTING'S OPPOSITION
 TO PLAINTIFF DMF, INC.'S
 MOTION FOR PRELIMINARY
 INJUNCTION**

Date: January 7, 2019

Time: 10:00 a.m.

Location: Courtroom 8D,
 350 West First Street, Los Angeles, CA

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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

DMF is not entitled to an injunction because it fails to satisfy its burden of proof on each element it must demonstrate to obtain such extraordinary relief.

DMF cannot demonstrate it likely will prevail on the merits at trial for several reasons. First, DMF's '266 patent is vulnerable to being invalidated based on a plethora of prior art references, each of which, and in combination with each other, anticipate and/or render obvious the '266 claims. The '266 patent is vulnerable to being invalidate also because it improperly mixes classes of claims together into single claims and thus is impermissibly indefinite. Second, even if the '266 patent were valid (and it is not), Elco is not infringing the patent. Elco's ELL module clearly falls outside the patent's claims because the ELL module's light source is closer to the open front face of the casting than the rear closed face — just the opposite of what is claimed in the '266 patent. Third, Elco has a strong affirmative defense that DMF has unclean hands based on DMF's deceptive marketing of its OneFrame system and DRD2 product. As a matter of law, DMF cannot obtain injunctive relief to preserve its alleged goodwill and reputation built on fraud.

DMF also has not and cannot establish that absent an injunction it will be irreparably harmed. DMF fails to demonstrate that it has lost market share, or that its purported goodwill or reputation has been tarnished, as a result of Elco's sales of ELL modules. DMF's evidence of irreparable harm amounts to nothing more than inadmissible speculation and hearsay, and outright false accusations about alleged defects in Elco's product. DMF pulled the wool over the eyes of the lighting industry with its false marketing scheme, but its attempt to do the same with this Court fails. In any event, DMF's alleged injuries are simply measurable damages.

DMF also fails to demonstrate that the balance of equities tips in its favor, or that an injunction is in the public interest. Indeed, it would constitute a harsh result

1 if Elco were enjoined from selling its non-infringing product, in favor of a patent
 2 holder who defrauded the market about a patent that likely will be invalidated. By
 3 contrast, without an injunction DMF can still be made whole by damages if it
 4 succeeds (albeit unlikely) on claims. Moreover, it is not in the public interest to
 5 reward DMF's deceptive marketing tactics with an injunction. The public interest is
 6 best served by permitting free and truthful competition.

7 **II. FACTUAL BACKGROUND**

8 Although Elco contends that its initial ELL design did not infringe DMF's
 9 '266 patent, that design is moot for purposes of this Motion because Elco no longer
 10 sells that version of the product. Elco's last shipment of the initial ELL design was
 11 early September. (Declaration of Saeed "Steve" Cohen ("Cohen Decl.") ¶ 8.) There
 12 is no conduct to enjoin regarding that design version of Elco's ELL module.

13 The only product at issue for this Motion is Elco's modified ELL design,
 14 which Elco developed in August 2018, and began selling in September 2018. (*Id.* at
 15 ¶¶ 9-10.) As explained in detail by Elco's expert, Timothy Fisher, the modified
 16 ELL design does not infringe the '266 patent, primarily because the LED light
 17 source is located closer to the open front face of the casting than to the rear closed
 18 face of the casting. (Declaration of Timothy S. Fisher ("Fisher Decl.") ¶¶ 45-51; *see*
 19 Cohen Decl. 9 and Exh. 1.) Notably, as modified, the ELL module no longer fits
 20 inside a standard 2" junction box, which is DMF's biggest selling point about the
 21 DRD2 module.

22 By its Motion DMF seeks to protect its alleged goodwill and reputation based
 23 on its self-proclaimed innovative DRD2 module and OneFrame system. However,
 24 whatever goodwill or reputation DMF developed regarding its '266 patent is ill-
 25 gotten. In an effort to garner initial interest in these products, DMF misrepresented
 26 that they are fire-rated up to 2 hours under UL Standard 514A and can be installed
 27 in any ceiling. DMF's product literature is riddled with these false statements. (*See*
 28

1 Declaration of Benjamin Ardestani (“Ardestani Decl.”) ¶¶ 25-31 and Exhs. 6-8.)

2 In truth, DMF’s products are not fire-rated up to 2 hours under UL Standard
3 514A. That standard has nothing to do with fire rating, and to pass fire-rating
4 requirements the products must be installed in a fire-rated ceiling, not just any
5 ceiling, as DMF suggests. (*Id.* at ¶¶ 32-35 and Exhs. 9-10.) Acknowledging its
6 false advertising, DMF only recently changed its product literature to remove some
7 of these blatant lies. (*Id.* at ¶¶ 36-44 and Exhs. 11-13.)

8 Despite those revisions, DMF continues to misrepresent its DRD2 related
9 products. DMF continues to falsely represent that its junction boxes recommended
10 for use with the DRD2 module are recessed downlights (*id.* at ¶¶ 45-49 and Exhs.
11 14-17), and to inaccurately suggest that all junction boxes used for recessed lights
12 must be fire-rated (Declaration of Louise Gardner (“Gardner Decl.”) ¶¶ 8-13).

13 **III. LEGAL STANDARDS**

14 “A preliminary injunction is an ‘extraordinary and drastic remedy.’” *Hoist*
15 *Fitness Systems, Inc. v. Tuffstuff Fitness Int’l, Inc.*, No. EDCV1701388ABKKX,
16 2017 WL 5640562, at *1 (C.D. Cal. Oct. 31, 2017) (internal citations and quotations
17 omitted). A preliminary injunction “may only be awarded upon a clear showing that
18 the plaintiff is entitled to such relief.” *Winter v. Natural Res. Def. Council, Inc.*, 555
19 U.S. 7, 22, 129 S.Ct. 365, 172 L.Ed.2d 249 (2008) (emphasis added).

20 “A plaintiff seeking a preliminary injunction must establish that he is likely to
21 succeed on the merits, that he is likely to suffer irreparable harm in the absence of
22 preliminary relief, that the balance of equities tips in his favor, and that an injunction
23 is in the public interest.” *Winter*, 55 U.S. at 20. An accused infringer can defeat a
24 showing of likelihood of success on the merits by demonstrating a substantial
25 question of validity or infringement. *See Aria Diagnostics, Inc. v. Sequenom, Inc.*,
26 726 F.3d 1296, 1304 (Fed. Cir. 2013).

IV. DMF IS NOT LIKELY TO SUCCEED ON THE MERITS BECAUSE THE ‘266 PATENT IS VULNERABLE TO BEING FOUND INVALID

To demonstrate a likelihood of success on the merits, DMF must show that it will likely prove infringement of the asserted claims, and that the asserted claims will likely withstand any invalidity challenge(s). *Amazon.com, Inc. v. Barnesandnoble.com*, 239 F.3d 1343, 1350 (Fed. Cir. 2001). If the accused infringer raises a substantial question regarding infringement or validity, the Court should deny the motion for preliminary injunction. *Id.* at 1350-51.

The accused infringer need not prove patent invalidity by clear and convincing evidence, but need only show at this stage of the case the “vulnerability” of the patent. *Erico International Corp. v. Vutec Corp.*, 516 F.3d 1350, 1356 (Fed. Cir. 2008). Indeed, demonstrating a substantial question of invalidity requires less proof than at trial or summary judgment:

A particular reference which did not on its face disclose all of the limitations of the claim in suit was argued to be anticipatory, even though there was a conflict in the testimony as to whether the reference would have taught one of ordinary skill in the art the claim limitations not expressly stated on the face of the reference. Although insufficient to demonstrate invalidity for purposes of the summary judgment motion, the reference was enough to prevent issuance of the preliminary injunction.

Amazon.com, 239 F.3d at 1358-59.

If Elco raises a substantial question as to the validity of the ‘266 patent that DMF does not conclusively rebut, then DMF cannot – as a matter of law – demonstrate the required likelihood of success on the merits. *Abbott Laboratories v. Andrx Pharmaceuticals, Inc.*, 452 F.3d 1331, 1335 (Fed. Cir. 2006); *Erico International*, 516 F.3d at 1356. That is precisely the case here.

1 **A. The ‘266 Patent is Vulnerable to Being Found Invalid in View of**
 2 **the Prior Art**

3 **1. The ‘266 Patent is Anticipated by Both the Kim and Imtra**
 4 **References**

5 A patent claim is invalid if “the claimed invention was patented, described in
 6 a printed publication, or in public use, on sale, or otherwise available to the public
 7 before the effective filing date of the claimed invention.” 35 U.S.C. § 102(a). This
 8 standard is considered to be the “novelty” requirement of a patent.

9 The ‘266 patent is vulnerable to being held invalid, sufficient for the Court to
 10 deny DMF’s Motion. The ‘266 patent claims a priority date of July 5, 2013. Any
 11 printed publications, including patents and published patent applications, published
 12 before that date constitute prior art per 35 U.S.C. §§ 102, 103.

13 **a. The Kim Patent, U.S. Patent No. 9,222,661**

14 The prior art Kim Patent (Exh. 1 to Fisher Decl.) states a priority date of
 15 February 6, 2013. It discloses the structure recited in the independent claims of the
 16 ‘266 patent. (Fisher Decl. ¶ 33.) The Kim Patent Claim Chart (Exh. 2 to Fisher
 17 Decl.) shows how the Kim Patent anticipates representative claim 1 of the ‘266
 18 patent. Even if the Kim Patent does not expressly disclose a plurality of elements
 19 positioned proximate to the open front face of the casting so as to align with
 20 corresponding tabs of a standard junction box, these alignment features would be
 21 inherent in the product in that one must align and mount the device in order to use it.

22 A single prior art reference that discloses, either expressly or inherently, each
 23 limitation of a claim invalidates that claim by anticipation. *Perricone v. Medicis*
 24 *Pharmaceutical Corp.*, 432 F.3d 1368, 1375-76 (Fed. Cir. 2005) (*citing, Minn.*
 25 *Mining & Mfg. Co. v. Johnson & Johnson Orthopaedics, Inc.*, 976 F.2d 1559, 1565
 26 (Fed. Cir. 1992). Thus, a prior art reference without express reference to a claim
 27 limitation may nonetheless anticipate by inherency. *Id.* (*citing, In re Cruciferous*

1 *Sprout Litig.*, 301 F.3d 1343, 1349 (Fed. Cir. 2002). “Under the principles of
2 inherency, if the prior art necessarily functions in accordance with, or includes, the
3 claims limitations, it anticipates.” *Id.*

4 The doctrine of anticipation by inherency is consistent with the basic principle
5 in patent law that “that which would literally infringe, if later in time, anticipates if
6 earlier.” *See, Bristol- Myers Squibb Co. v. Ben Venue Labs., Inc.*, 246 F.3d 1368,
7 1378 (Fed. Cir. 2001). Inherency operates to anticipate entire inventions as well as
8 single limitations within an invention. *Schering Corp. v. Geneva Pharm., Inc.*, 339
9 F.3d 1373, 1379-80 (Fed. Cir. 2003).

10 Here, forming elements proximate to the open front face so as to align with a
11 standard junction box is inherent in that the Kim product must be aligned and
12 mounted such as to an electrical box during use. (Fisher Decl. ¶ 34.)

13 **b. The Imtra Product and Product Description**

14 The prior art Imtra product and product description (Exh. 3 to Fisher Decl.)
15 was published at least by June 17, 2012. The Imtra catalog discloses the structure
16 recited in the independent claims of the ‘266 patent. The Imtra Claim Chart shows
17 how the Imtra catalog anticipates representative claim 1 of the ‘266 patent. (Exh. 4
18 to Fisher Decl.)

19 **2. The ‘266 Patent is Obvious in View of Kim, in View of Imtra,** 20 **and in View of the Combined Teachings of Numerous Other** 21 **Prior Art**

22 In addition, for the patent claim to be valid, it must be “non-obvious” in view
23 of the combined teachings of the prior art. Specifically, a patent claim is invalid “if
24 the differences between the claimed invention and the prior art are such that the
25 claimed invention as a whole would have been obvious before the effective filing
26 date of the claimed invention to a person having ordinary skill in the art to which the
27 claimed invention pertains.” 35 U.S.C. § 103.

a. The Kim Patent, U.S. Patent No. 9,222,661

The Kim Patent also renders obvious the independent claims of the ‘266 Patent because it discloses the structure recited in the ‘266 claims. Even if the Kim Patent does not expressly disclose a plurality of elements positioned proximate to the open front face so as to align with corresponding tabs of a standard junction box, the addition of such alignment features would have been obvious to a person of ordinary skill in the art. (Fisher Decl. ¶¶ 36-38 and Exhs. 1-2.)

Additionally, the prior art Foshan Patent reference (Exh. 5 to Fisher Decl.) was published on February 13, 2013. The Foshan reference discloses a recessed lighting device that has a plurality of elements positioned proximate to the open front face so as to align with corresponding tabs of a standard junction box, and, by the priority date for the ‘266 patent, there were numerous adaptor plates on the market for mounting such recessed lighting to a standard-sized junction box, such as the Blackman reference. (Fisher Decl. ¶¶ 39-40 and Exhs. 5-6). The Kim/Foshan/Blackman Claims Chart shows how the disclosures of Kim combined with the alignment features of Foshan or the Blackman adapter plate renders obvious aligning and mounting the device inside a standard-sized junction box. (Fisher Decl. ¶¶ 41-42 and Exh. 7.)

b. The Imtra Product and Product Description

The Imtra product and product description (Exhs. 3-4 to Fisher Decl.) likewise renders obvious the independent claims of the ‘266 patent because they disclose the structure recited in the ‘266 claims. Regardless of any differences between Imtra’s mounting springs and DMF’s claimed plurality of alignment elements, the addition of such alignment features to Imtra would have been obvious to a person of ordinary skill in the art, and numerous adaptor plates for such purposes are commonly available, as discussed above with respect to the Kim patent. (Fisher Decl. ¶ 43.) The Imtra catalog even offered “screw-mount fixtures.”

(Exh. 4 to Fisher Decl., at p. 3.)

Additionally, the disclosures of Imtra, together with the plurality of alignment features in the Foshan reference, render obvious the claims of the '266 patent. The Imtra/Foshan/Blackman Claims Chart shows how the disclosures of Imtra combined with the alignment features of Foshan or the Blackman adapter plate renders obvious aligning and mounting the device inside a standard-sized junction box.

(Fisher Decl. ¶ 43 and Exh. 8).

c. The Yoshiro Patent Reference, Japan Patent No. JP2007265961A

The prior art Yoshiro patent reference (Exh. 9 to Fisher Decl.) was published on October 11, 2007 and likewise renders obvious the independent claims of the '266 patent because it, combined with the alignment features of Foshan or Blackman, discloses the structure recited in the claims. The Yoshiro/Foshan/Blackman Claim Chart showing how Yoshiro, in combination with either Foshan or Blackman, render obvious representative claim 1 of the '266 patent. (Fisher Decl. ¶ 44 and Exh. 10.)

d. The Gloisten Patent, U.S. Patent No. 7,566,154

The prior art Gloisten Patent (Exh. 11 to Fisher Decl.) was published on March 27, 2008 and likewise renders obvious the independent claims of the '266 Patent. Gloisten, together with the alignment features of Foshan or Blackman, discloses the structure recited in the claims of the '266 patent. The Gloisten/Foshan/Blackman Claim Chart shows how the Gloisten patent renders obvious representative claim 1 of the '266 Patent. (Fisher Decl. ¶ 45 and Exh. 12).

e. The Reisenauer Patent, U.S. Patent No. 7,488,097

The prior art Reisenauer Patent (Exh. 13 to Fisher Decl.) was published on August 23, 2007 and likewise renders obvious the independent claims of the '266 patent because it, combined with the alignment features of Foshan or Blackman,

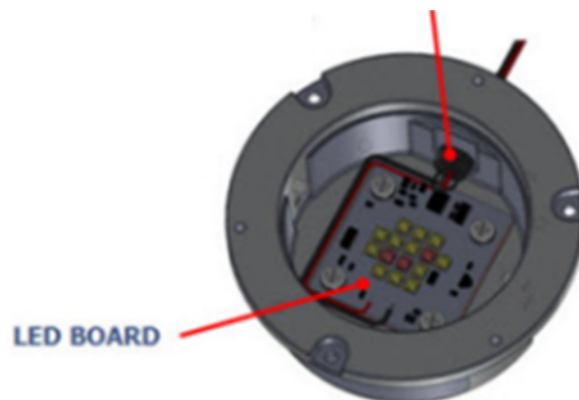
discloses the structure recited in the claims. The Reisenauer/Foshan/Blackman Claim Chart shows how the Reisenauer Patent renders obvious representative claim 1 of the '266 patent. (Fisher Decl. ¶ 46 and Exh. 14).

f. The LMH2 Product and Product Description

The prior art LMH2 (Exh. 15 to Fisher Decl.) was published at least as early as September 9, 2012. The LMH2 online product description, combined with the alignment features of Foshan or Blackman, discloses the structure recited in the independent claims of the '266 patent. The LMH2/Foshan/Blackman Claim Chart shows how the LMH2 renders obvious representative claim 1 of the '266 patent. (Exh. 16 to Fisher Decl.)

DMF previously argued that the LMH2 is not relevant because it discloses an external driver, not enclosed under the reflector as required by the claims of the '266 patent. The '266 patent claims, however, recite the driver as including an electronic device to either supply or regulate the electrical energy to the light source module: the driver including an electronic device to at least one of supply and regulate electrical energy to the light source module (Dkt. No. 1-1, the '266 patent, at claim 1, col, 8, lines 5-7).

Regardless of whether the LMH2 uses an external driver for the supply of electrical energy to the light module, the LMH2 additionally houses a driver that includes an electronic device for regulating the electrical energy to the light source module, and this driver is indeed internal and enclosed under the reflector:



(Fisher Decl. ¶¶ 48-50 and Exh. 16, the third row of the claim comparison).

Thus, the claims of DMF's '266 patent are a merely obvious combination of already known elements. The concept of having a compact recessed lighting system that can fit inside a standard junction box is not new, as demonstrated by the foregoing prior art references and the associated claim charts. (Fisher Decl. ¶ 50.)

B. The '266 Patent is Vulnerable to Being Held Invalid as Impermissibly Indefinite Because the '266 Patent Claims 1-21 Impermissibly Include Method Steps in an Apparatus Claim

A patent must contain "one or more claims particularly pointing out and distinctly claiming the subject matter which the inventor or a joint inventor regards as the invention." 35 U.S.C. § 112(b). The Patent Act specifies four independent classes of inventions eligible for patent protection: processes, machines (apparatus), manufactures, and composition of matter. *Bilski v. Kappos*, 561 U.S. 593, 130 S.Ct. 3218, 3225, 177 L.Ed. 2d 792 (2010) (*citing*, 35 U.S.C. § 101).

A patent claim is invalid on grounds of indefiniteness if it, for example, impermissibly mixes two or more different classes of patentable subject matter. *IPXL Holdings, L.L.C. v. Amazon.com, Inc.*, 430 F.3d 1377, 1383-84 (Fed. Cir. 2005) (holding patent claim indefinite for reciting both an apparatus and a method step required for the apparatus to infringe the claim apparatus is invalid because "it is unclear when infringement occurs"). In, *Aventis Pharma S.A. v. Hospira, Inc.*, the District Court held a composition claim invalid because, "by its own terms," to infringe, the composition had to additionally "form[] an injectable solution or be used to form an injectable solution." *Aventis Pharma S.A. v. Hospira, Inc.*, 743 F. Supp. 2d 305, 329 (D. Del. 2010) ("Had the patentees wished to state that the composition was merely 'capable of' being formed into a perfusion, they could easily have said so explicitly.").

As in *Aventis Pharma*, DMF impermissibly mixed two different classes of patentable subject matter by including a method step in its apparatus claims 1 - 21. Claim 1 is representative:

1. A compact recessed lighting system, comprising: a light source module for emitting light; a driver for powering the light source module to emit light, the driver including an electronic device to at least one of supply and regulate electrical energy to the light source module; ...wherein the heat conducting closed rear face and the heat conducting sidewall of the unified casting ***significantly dissipate*** heat generated by the light source module ***during operation*** of the light source module.

(Dkt. No. 1-1, the '266 patent, at claim 1, col. 8, lines 2-44) (emphasis added).

As in *Adventis Pharma*, it is unclear whether a “compact recess lighting system” having all of the forgoing apparatus elements would, by itself, infringe claim 1 or whether it would infringe only if its rear face and sidewalls later, “during operation,” in fact “significantly dissipate heat generated by the light source module during operation of the light source.” Claims 1-21, therefore, are invalid on the grounds of indefiniteness.

As explained above, DMF cannot clearly establish that it is likely to succeed on the merits because its '266 patent is at least vulnerable to being found invalid. As a result, the Court must deny DMF's motion for preliminary injunction.

V. DMF IS NOT LIKELY TO SUCCEED ON THE MERITS BECAUSE ELCO'S MODIFIED ELL MODULE DOES NOT INFRINGE

The necessary first step in an infringement or an invalidity analysis is claim construction. *Markman, Inc. v. Westview Instruments, Inc.*, 54 F.3d 967, 976 (Fed. Cir. 1995) (*en banc*), *aff'd*, 517 U.S. 370, 116 S. Ct. 1384, 134 L. Ed. 2d 577 (1996). To ascertain the meaning of a claim term, “the words of a claim are generally given their ordinary and customary meaning,” as would be understood by “a person of ordinary skill in the art in question at the time of the filing of the patent

1 application in question.” *Phillips v. AWH Corp.*, 415 F.3d 1303, 1313, 75
 2 U.S.P.Q.2d 1321 (Fed. Cir. 2005) (*en banc*). The person of ordinary skill in the art
 3 is deemed to read the claim term not only in the context of the particular claim in
 4 which the disputed term appears, but in the context of the entire patent, including the
 5 specification. *Id.* The ‘ordinary meaning’ of a claim term, then, is “its meaning to
 6 the ordinary artisan after reading the entire patent.” *Id.* at 1321.

7 **A. The “Closed Rear Face” of the Casting Means the Exterior Rear**
 8 **Surface**

9 DMF argues that the patent claim term “closed rear face” of the unitized
 10 casting should be construed as meaning the interior surface of the casting (*see*
 11 Motion at 14:12). However, this contention has no merit. The ‘266 patent claims,
 12 the patent specification, and the prosecution history are consistent and demonstrate
 13 that the claim term “closed rear face” should be construed as the **exterior** surface of
 14 the rear wall of the casting.

15 **1. The Claims Demonstrate the Term “Closed Rear Face”**
 16 **Means the Exterior Surface**

17 In the claims themselves, the term “closed rear face” is used in a manner that
 18 would cause a person of ordinary skill to interpret the term as meaning the exterior
 19 surface of the rear closed side of the casting. This much is clear for a variety of
 20 reasons. First, only the ***exterior*** surface can “significantly dissipate heat generated
 21 by the light source module during operation” as recited at the end of both
 22 independent claims 1 and 17. (Fisher Decl. ¶ 30).

23 Second, the very claim phrase that DMF would have this Court misconstrue,
 24 “the light source module is closer to the closed rear face of the unified casting than
 25 the open front face of the unified casting,” compares the distance between the light
 26 source and the closed rear face of the casting to the distance between the light
 27 source and the open front face of the casting. To determine whether the “dimension
 28

1 between the heat conducting closed rear face and the open front face” is “less than 2
 2 inches,” one would measure the distance between the two **exterior** surfaces. (*Id.* at
 3 ¶ 31). Indeed, the open front face has no interior surface, only an exterior surface
 4 (see Dkt. No. 1-1, the ‘266 patent, at Fig. 1, ref. numeral **15**). (Fisher Decl. ¶ 32.)

5 Third, it would be unreasonable to compare these distances using the exterior
 6 surface of the front face but only the interior surface of the rear face. Because the
 7 light source is physically attached to the interior surface of the rear closed side of
 8 the casting, interpreting “closed rear face” to mean that very interior surface renders
 9 superfluous the light source location limitation language DMF added in the last
 10 amendment during patent prosecution to get the patent issued. It goes without
 11 saying that the light source will always be closer to the interior surface of the rear
 12 side — the very surface to which it is attached — than the open front face. A person
 13 of ordinary skill would instead compare the distances between the light source and
 14 the exterior surfaces of the front and back faces. (Fisher Decl. ¶ 32.)

15 2. The Specification Demonstrates that the Term “Closed Rear 16 Face” Means the Exterior Surface

17 The specification of the ‘266 patent makes this even clearer. Both Figures 1
 18 and 2 of the ‘266 patent clearly identify the exterior rear surface of the casting as the
 19 closed rear face **14** (as well as the exterior front surface as the open front face **15**):

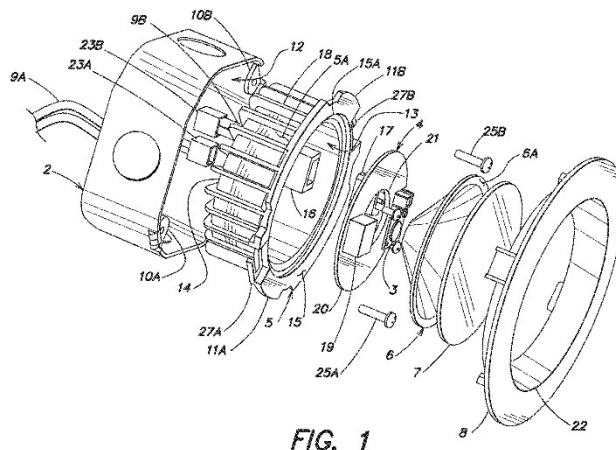


FIG. 1

(Dkt. No. 1-1, the ‘266 patent, at Fig. 1).

**3. The Prosecution History Demonstrates That DMF
Misconstrues the Patent Claim Term “Closed Rear Face”**

The prosecution history of the ‘266 patent demonstrates the importance of the exterior surface of the rear face, not the interior surface. That is, DMF argued during prosecution that the claimed invention is distinguished over the prior art by having the particular dimensions to fit within a standard-sized junction box. *See* Exh. 17 to Fisher Decl., DMF’s February 6, 2018 Supplemental Amendment, at pp. 18-19 (“the claimed heat conducting unified casting ... has a particular configuration and dimensions to facilitate recessing the unified casting substantially inside a standard-sized junction box....”).

It is the dimension to the **exterior** surface, not the interior surface, of the rear wall of the casting that determines that the patented configuration can fit recessed inside a standard-sized junction box.

**B. DMF Mischaracterizes the Comparison Between the ‘266 Patent
Claims and Elco’s Modified ELL Module**

Once the claim terms are properly construed, the trier of fact must compare the properly construed claims to the allegedly infringing device to determine whether the accused device embodies every limitation of the asserted claim(s). *Johnson Worldwide Associates, Inc. v. Zebco Corp.*, 175 F.3d 985, 988 (Fed. Cir. 1999); *Johnston v. IVAC Corp.*, 885 F.2d 1574, 1577 (Fed. Cir. 1989). A device that does not have each and every element recited in the claim does not literally infringe the patent claim. *Johnson Worldwide*, 175 F.3d at 988.

Elco’s modified ELL module does not literally infringe the ‘266 patent. Contrary to DMF’s argument, Elco’s modified ELL module does not “add” other structural elements that are not in the patent claims. DMF claimed a specific arrangement of structures in which, “the light source module is **closer** to the closed

1 rear face” than the open front face. (Dkt. No. 1-1, the ‘266 patent, claim 1, at col. 8,
2 lines 24-26). That limitation is in every claim of the ‘266 patent asserted by DMF.

3 The light source in Elco’s modified ELL module is closer to the open front
4 face of the casting than to the “closed rear face” — that is, just the opposite of the
5 limitation DMF incorporated into its patent claims to get the ‘266 patent issued.
6 (Fisher Decl. ¶ 55.) Because Elco’s light source is not closer to the closed rear face,
7 Elco’s modified ELL module design does not literally infringe any of the claims of
8 the ‘266 patent.

9 Furthermore, because Elco’s modified ELL module design does not directly
10 infringe the claims of the ‘266 patent, as a matter of law there can be no active
11 inducement to infringe per 35 U.S.C. § 271(b) or contributory infringement per 35
12 U.S.C. § 271(c). DMF, therefore, cannot clearly establish that it is likely to succeed
13 on the merits. Accordingly, the Court should deny DMF’s Motion.

14 **VI. DMF IS NOT LIKELY TO PREVAIL BECAUSE IT HAS UNCLEAR**
15 **HANDS**

16 DMF deceptively marketed its DRD2 modules in combination with its
17 various junction boxes — coined as its OneFrame system — as a 2-hour fire-rated
18 system certified under UL Standard 514A. (Ardestani Decl. ¶¶ 25-31 and Exhs. 6-
19 8.) Contrary to DMF’s representations, none of its “OneFrame” system
20 components, including the DRD2 module itself, is fire-rated under that standard.
21 (Ardestani Decl. ¶ 32.) Indeed, UL Standard 514A does not even cover fire ratings.
22 (*Id.*) DMF essentially represented that its OneFrame system could be installed in
23 any ceiling, when in fact those components must be installed in a fire-rated ceiling
24 to pass fire resistance requirements. (*Id.* at ¶ 33.) DMF acknowledged its deceptive
25 marketing tactics when it recently revised its product literature to remove some (but
26 not all) of these misrepresentations. (*Id.* at ¶¶ 36-44 and Exhs. 11-13.) Despite
27 those product literature revisions, DMF continues to falsely advertise its OneFrame
28

1 system, including its junction boxes. (*Id.* at ¶¶ 45-49; Gardner Decl. ¶¶ 12-13.)

2 Thus, whatever goodwill and great reputation DMF claims to have developed
3 regarding its DRD2 module and OneFrame system was attained by deceptive
4 marketing tactics. It cannot now seek to an injunction allegedly to preserve
5 goodwill and reputation built on fraud.

6 **VII. DMF HAS NOT DEMONSTRATED IRREPARABLE HARM**

7 Failure to prove irreparable harm is an independent ground for denying an
8 injunction. *See Amazon.com, Inc. v. Barnesandnoble.com, Inc.*, 239 F.3d 1343,
9 1350 (Fed. Cir. 2001). DMF must prove “that irreparable harm is *likely* in the
10 absence of an injunction.” *Winter v. Nat. Res. Def. Council, Inc.*, 555 U.S. 7, 22
11 (2008) (emphasis in original); *see Thome v. U.S.F.D.A.*, No. 11-cv-00676-LHK,
12 2011 WL 856290, at *2 (N.D. Cal. Mar. 9, 2011) (Koh, J.) (denying TRO for failure
13 to meet the *Winter* standard). DMF is not entitled to any presumption of irreparable
14 harm; it is the patentee’s burden to prove its potential losses cannot be compensated.
15 *Automated Merch.*, 357 F. App’x at 301; *Hologic, Inc. v. Senorx, Inc.*, No. C-08-
16 00133-RMW, 2008 WL 1860035, at *14-15 (N.D. Cal. Apr. 25, 2008).

17 In order to satisfy the irreparable harm factor for injunctive relief, the patent
18 holder must establish the following two requirements: “1) that absent an injunction,
19 it will suffer irreparable harm, and 2) that a sufficiently strong causal nexus relates
20 the alleged harm to the alleged infringement.” *Apple Inc. v. Samsung Elecs. Co.*, 695
21 F.3d 1370, 1374 (Fed. Cir. 2012). Furthermore, “the causal nexus requirement is
22 simply a way of distinguishing between irreparable harm caused by patent
23 infringement and irreparable harm caused by otherwise lawful competition—e.g.,
24 ‘sales [that] would be lost even if the offending feature were absent from the
25 accused product.’ ” *Apple Inc. v. Samsung Elecs. Co.*, 735 F.3d 1352, 1361 (Fed.
26 Cir. 2013) (quoting *Apple Inc. v. Samsung Electronics Co.*, 678 F.3d 1314 (Fed. Cir.
27 2012)).

1 “Although the ‘quantum of evidence’ required to prove irreparable harm is
2 unclear, case law is clear that the *potential* for loss of market share is
3 insufficient.” *Open Text, S.A. v. Box, Inc.*, 36 F. Supp. 3d 885, 906 (N.D. Cal. 2014)
4 (internal citations omitted). To support a preliminary injunction, lost market share
5 must be proven. *Automated Merchandising Sys., Inc. v. Crane Co.*, 357 F. App’x
6 297, 301 (Fed. Cir. 2009) (“Lost market share must be proven (or at least
7 substantiated with some evidence)”). “Neither the difficulty calculating losses in
8 market share, nor speculation that such losses might occur, amount to proof of
9 special circumstances justify the extraordinary relief of an injunction prior to trial.”
10 *Nutrition 21 v. United States*, 930 F.2d 867, 871 (Fed. Cir. 1991). A court may not
11 rely on “possible market share loss” because that “would apply in every patent case
12 where the patentee practices the invention.” *Id.* For example, merely demonstrating
13 that defendant’s product competes with the patentee’s product will not suffice.
14 *Travel Tags, Inc. v. UV Color, Inc.*, 690 F. Supp. 2d 785, 799 (D. Minn. 2010).
15 “Conclusory and speculative allegations [of lost market share] are insufficient to
16 prove irreparable harm.” *Nanoexa Corp. v. Univ. of Chicago*, No. 10-CV-2631-
17 LHK, 2010 WL 3398532, at *5 (N.D. Cal. Aug. 27, 2010).

18 DMF claims that, unless an injunction issues, it will suffer irreparable harm in
19 the form of “lost market share, loss of customers, pressure to decrease prices, and
20 reputational harm due to ELCO’s infringement.” (Mot. at 18.)

21 But DMF fails to proffer admissible evidence proving any of these alleged
22 harms. Instead, DMF relies upon inadmissible hearsay, unauthenticated documents
23 and a video, testimony from witnesses who lack personal knowledge and are thus
24 incompetent to testify, and so-called experts whose testimony fails to satisfy the
25 reliability requirements of Federal Rules of Evidence 701 and 705 and *Daubert v.*
26 *Merrell Dow Pharms., Inc.*, 509 U.S. 579, 592–93 (1993).

27 In the end, DMF’s “evidence” that it will suffer these alleged harms boils
28

1 down to nothing more than pure, self-serving conjecture, and false accusations of
2 alleged safety issues with Elco's product.

3 **A. DMF Has Not Demonstrated Lost Market Share**

4 DMF offers no evidence it has lost market share. DMF claims that it may
5 lose sales if contractors use Elco's product on projects for which DMF's product
6 was originally specified. Yet DMF fails to proffer any evidence that this has
7 actually occurred – even once – let alone that it has become prevalent. The only
8 example cited by DMF pertains to a project for the Irvine Company where “Elco
9 ultimately failed to take away the Irvine Company as a customer on this particular
10 project.” (Danesh Decl. at ¶ 60.) In other words, DMF did not lose any sales or
11 market share.

12 DMF's Motion is devoid of evidence demonstrating that its sales are
13 declining, let alone declining as the result of Elco. Even if it had proffered such
14 evidence, such losses would be measurable and do not constitute irreparable harm.

15 DMF also claims that Elco is undercutting DMF's “premium pricing” for its
16 DRD2 product and may force DMF to lower its prices. DMF claims that “once
17 customers buy Elco's knockoff of DMF's products at reduced prices, they are
18 unlikely to buy the real DRD2 LED Modules at DMF's standard pricing.” (Mot. at
19 19.) But DMF has no evidence that it actually has been forced to lower prices with
20 numerous customers as a result of Elco's pricing. DMF cites to just one alleged lost
21 \$6,000 sale with its customer Capital of South Bay, but as DMF admits, it is fully
22 able to measure those alleged damages. (Danesh Decl. at ¶ 72.) Relying on
23 inadmissible hearsay, DMF also cites to an instance where one customer – Walters
24 Wholesale – allegedly asked DMF to give it a price concession on one purchase for
25 its customer, and DMF did so on that one occasion; there is no evidence of any
26 ongoing pricing concession with Walters Wholesale. (Danesh Decl. at ¶ 71.) Thus,
27 at best, DMF has lowered its pricing only in a couple of instances. DMF clearly has
28

1 not had to lower its prices for all, or even most, of its customers, but even if it had
2 to, those alleged damages can be measured and do not constitute irreparable harm.

3 DMF likewise proffers no evidence that it has permanently lost customers to
4 Elco as a result of Elco's pricing of its ELL product. Indeed, it makes no sense that
5 would happen if, as DMF contends, its DRD2 product is so far superior to Elco's
6 ELL product. DMF has no evidence that Elco has stolen DMF customers away by
7 selling them ELL modules. To the contrary, Elco's sales of its ELL product has
8 been to longstanding Elco customers. (Cohen Decl. ¶ 17.) DMF also cannot prove
9 that any of those Elco customers would have purchased DRD2 modules instead of
10 other Elco products if they had not purchased ELL modules.^{1/} But even if DMF
11 could prove that (and it cannot), any such losses are measurable and do not
12 constitute irreparable harm to DMF.

13 Faced with the reality that it has no evidence of losing market share, sales or
14 customers to Elco as a result of Elco's ELL product, DMF asserts – in conclusory
15 fashion – that every sale by Elco constitutes lost market share, lost sales and lost
16 customers, relying on *Trebro Mfg., Inc. v. Firefly Equipment, LLC*, 748 F.3d 1159
17 (Fed. Cir. 2014). But DMF's reliance on *Trebro* is misplaced. In *Trebro*, the patent
18 holder proffered admissible, “uncontroverted” evidence demonstrating that it sold a
19 sophisticated, high-cost niche product in a tiny three-party market, including its
20 patent licensee, with very few potential customers; its patented sod harvester retailed
21 for \$210,000 each; it sold to non-repeat customers due to the product's longevity; it

22
23 ^{1/} Indeed, DMF has no proof whatsoever that customers would have bought DRD2 modules even if the ELL
24 module had not been available in the first place. Those customers could have purchased other Elco products,
25 or numerous recessed lighting product made by another manufacturer besides Elco and DMF. (Gardner
26 Decl. ¶¶ 14-20.) The only sale of an ELL module that DMF can credibly claim was a lost sale is one where
27 DMF has proof that the customer installed the ELL module in a standard 2” junction box because that is the
28 only application that none of the multitude of other competing products – both Elco and non-Elco – can fit.
But DMF does not have any proof of this. Indeed, Elco has not sold any junction boxes in connection with
any orders for its ELL modules. (Cohen Decl. ¶ 16.)

1 sold only eight sod harvesters per year; a lost sale represented 1/8 of its gross annual
2 sales revenue for the product and \$50,000 in lost profit, roughly equal to the cost of
3 one employee; the company had only 18 employees worldwide, and would have to
4 lay off employees in the absence of an injunction. *See Trebro* at 1164, 1170.

5 By contrast, here, DMF has not submitted any evidence, let alone undisputed
6 evidence, showing that it operates in conditions similar to those in *Trebro*, or even
7 that it has lost sales or customers to Elco. *See, e.g., Sunoco Partners Mktg. &*
8 *Terminals L.P. v. Powder Springs Logistics, LLC*, No. CV 17-1390-LPS-CJB, 2018
9 WL 395750, at *15 (D. Del. Jan. 8, 2018) (citing *Cleveland Clinic Found. v. True*
10 *Health Diagnostics LLC*, CASE NO. 1:15 CV 2331, 2015 WL 7430082, at *5 & n.4
11 (N.D. Ohio Nov. 18, 2015) (finding that the plaintiff's reliance on the *Trebro* case
12 was misplaced, where the plaintiff “fails to point to any evidence that it lost a single
13 customer as a result of defendant's alleged infringement[,]” offered no evidence of
14 lost market share or loss of access to customers, and admitted that the market for the
15 relevant products was “much larger” than the market in *Trebro*)). DMF operates in
16 the huge recessed lighting products market, which has many suppliers. (Gardner
17 Decl. ¶¶ 7(b), 14-20; Cohen Decl. ¶ 14.) The DRD2 and ELL modules compete
18 against numerous other recessed products provided by multiple suppliers; it is not a
19 two-player, two-product market, as DMF incorrectly suggests and fails to prove.
20 (Gardner Decl. ¶¶ 7(b), 14-20.) *See, e.g., Hoist*, 2017 WL 5640562, at *3-*4
21 (denying injunction because parties competed with many other manufacturers and
22 product lines). But even if DMF has lost sales, they are quantifiable and do not
23 constitute irreparable harm.

24 **B. DMF Has Not Demonstrated a Tarnished Reputation**

25 DMF fails to prove, with admissible evidence, that its reputation has been or
26 will be tarnished because of Elco's product. For instance, DMF offers no evidence
27 of surveys of customers in the lighting industry demonstrating that customers think
28

1 less of DMF or that its DRD2 product is inferior as a result of Elco's ELL product.
 2 Indeed, DMF does not even offer any anecdotal evidence of a single such incident.

3 DMF does not offer any admissible evidence to support its paranoid
 4 speculation that:

- 5 • Customers believe that DMF and Elco's respective products are made
 6 by the same manufacturer in China;
- 7 • Specifiers who are DMF customers are no longer specifying DMF's
 8 product in favor of Elco's product;
- 9 • Sales representatives are no longer promoting DMF's products to
 10 specifiers because Elco has more favorable pricing;
- 11 • Elco's product is being substituted for DMF's product at the
 12 construction/installation phase of projects originally specified with
 13 DMF's product;
- 14 • Sales representatives have been criticized for specifying or promoting
 15 DMF's products because Elco sells its ELL modules;
- 16 • Specifiers have been rebuked for specifying DMF products because
 17 Elco sells its ELL modules;
- 18 • Customers have complained that the DRD2 and ELL modules must be
 19 defective because Elco added the "kludge metal 'hat'" to its product; or
- 20 • Customers have complained that DMF's product must be defective or
 21 subpar because Elco's modified ELL product does not fit neatly in its
 22 box.

23 DMF tries to paint a picture of dire circumstances, but in the end, it has no
 24 admissible evidence that any of these phenomena has occurred, even once, let alone
 25 is prevalent in the marketplace. The testimony by DMF's hired gun, Chip Israel, is
 26 nothing but mere speculation about what people in the lighting industry might think
 27 about the parties' products. But Israel failed to conduct any surveys of a sufficient
 28

1 pool of lighting customers and instead relies upon a single telephonic interview,
2 arranged by DMF's counsel no less, with one person who works for a lighting
3 product distributor to "corroborate" his own speculation. Israel's methodology is
4 unscientific, unsound and unreliable. Indeed, he fails to cite to a single instance of
5 any of these alleged hypothetical fears actually occurring. Simply put, his testimony
6 should be precluded under *Daubert* and FRE 701 and 705.

7 **C. DMF's Product Safety Accusations Against Elco are False and Do**
8 **Not Establish Irreparable Harm**

9 DMF's accusations that Elco's product is unsafe are misleading and
10 unfounded, and in any event, are insufficient to establish irreparable harm.

11 250 volt fuse. DMF claims that Elco's use of a 250 volt fuse creates a safety
12 hazard in commercial installations using 277 volts current and will tarnish DMF's
13 product and reputation. This accusation is false, and just demonstrates DMF's
14 willingness to mislead this Court. The fuse Elco uses in its ELL modules is rated
15 for [REDACTED], which is more than sufficient for 277 volt commercial applications.
16 That fuse is UL-certified for use in the ELL modules. It does not present a safety
17 hazard. (Ardestani Decl. ¶¶ 6-18 and Exh.1; Declaration of Joseph O'Neill
18 ("O'Neill Decl.") ¶¶ 4-14 and Exhs. 1-3.)

19 Ground wire. DMF also claims that Elco's product is improperly grounded.
20 This accusation also is false. Elco's ELL modules do not need a ground wire. UL
21 certified the product without a ground wire, after extensive testing. The product is
22 sufficiently grounded [REDACTED].
23 (Ardestani Decl. ¶¶ 19-20 and Exh.2; O'Neill Decl. ¶¶ 15-17 and Exh. 4.)
24 Apparently, DMF was unable to get its alleged 'superior' product UL-certified
25 without a ground wire. That Elco was able to achieve what DMF could not does not
26 mean that Elco is "poisoning the well" regarding these products or that Elco's
27 product is tarnishing DMF's so-called good reputation.

1 Flickering. DMF cites to an alleged instance where Elco's product was
2 flickering after installation. (*See* Chen Decl.) But DMF does not have any
3 admissible evidence of a product flickering, let alone that it in fact was an Elco ELL
4 module. DMF's witness on this topic, Benjamin Chen, simply regurgitates what he
5 heard about the incident, all of which is inadmissible hearsay. For instance, what
6 L.C. Electrical employee Ray Chuang, or Parkway Wholesale employee Gary
7 Hardwick told Mr. Chen about the alleged installation, malfunction/operation and
8 removal of Elco products is not admissible. (Chen Decl. at ¶¶ 2-4.) Mr. Chen
9 admittedly was never present at the site while any ELL modules were installed, so
10 he has no personal knowledge about the alleged flickering, or even whether ELL
11 modules were in fact installed there. (Chen Decl. at ¶ 7 ("...where the ELL LED
12 Modules had been before I arrived").) The cell phone video of lights flickering that
13 Mr. Parkway allegedly provided to Mr. Chen lacks foundation and is likewise
14 inadmissible. (Chen Decl. at ¶ 6 and Exh. 2.) Mr. Chen did not take prepare that
15 video, so he cannot competently testify about when and how the video was made, or
16 even which products were installed at the time the video was made.

17 But even if DMF's evidence were admissible (and it is not), that evidence
18 does not prove any defect in Elco's product. DMF does not have any evidence of
19 the actual cause of the flickering. DMF has no evidence that anyone tested the
20 alleged flickering lights, the circuit or circuits to which those lights were connected,
21 the actual voltage or amperage being supplied to those lights at the time, or whether
22 other equipment or products were connected to the circuit(s) at the time. Without
23 knowing that information, the cause of the flickering could be any number of
24 reasons. Elco's own testing of the ELL module under 277 volts did not duplicate
25 the alleged flickering, demonstrating that the alleged flickering was not due to a
26 product defect. (Ardestani Decl. ¶¶ 23-24 and Exhs. 4-5.)

27 DMF nevertheless did not suffer any measurable damages or irreparable harm
28

1 from this event. To the contrary, the customer attributed his dissatisfaction to Elco's
2 product alone, not to DMF's product. *See Sas v. Blow Mold Servs., Inc.*, No.
3 CV1200867RGKDTBX, 2012 WL 12882423, at *4–5 (C.D. Cal. Oct. 2, 2012)
4 (finding no evidence of injury to reputation or goodwill where customer emails
5 expressed dissatisfaction with defendant's product and requested a guarantee that
6 plaintiff's would not have the same issue). Ironically, DMF benefitted from the
7 situation, gaining a sale of its own product to replace the Elco fixtures.

8 **D. DMF's Alleged Possible Loss of Its Investment Is Measurable and**
9 **Does Not Constitute Irreparable Harm**

10 DMF's claim that it may not recoup its alleged investment in its DRD2
11 product does not constitute irreparable harm as a matter of law for the simple reason
12 that such alleged damages can be measured.

13 **VIII. THE BALANCE OF HARDSHIPS WEIGHS AGAINST AN**
14 **INJUNCTION**

15 The balance of hardships tips heavily in favor of Elco, not DMF. Elco should
16 not be enjoined from selling its non-infringing product, in favor of a patent that
17 likely will be invalidated for a variety of reasons, as explained above. That would
18 be a harsh consequence for Elco, particularly in light of DMF's deceptive marketing
19 tactics. DMF should not be rewarded for its fraudulent practices.

20 **IX. AN INJUNCTION WILL NOT SERVE THE PUBLIC INTEREST**

21 Competition in the marketplace is healthy and benefits the consuming public.
22 An injunction to preserve DMF's alleged goodwill and reputation, built on its
23 deceptive marketing scheme, will not serve the public interest. DMF deceived the
24 public about its DRD2 module and OneFrame system to unfairly compete with Elco
25 and others in the lighting industry. The public interest is served by truthful
26 marketing of products and services, not by deception. By issuing the requested
27 injunction, this Court would be condoning DMF's fraudulent practices.

1 X. **ANY INJUNCTION MUST BE NARROWLY TAILORED**

2 Elco should not be enjoined from selling trims, housings and junction boxes.
 3 Those items can be used with many different products besides the ELL module.
 4 DMF is not entitled to an injunction against selling those items. Furthermore, if an
 5 injunction were to be issued, it should be strictly limited to Elco's modified ELL
 6 module that Elco.

7 XI. **CONCLUSION**

8 For the foregoing reasons, the Court should deny DMF's Motion for
 9 Preliminary Injunction. If, however, the Court issues an injunction, Elco requests
 10 that the Court order DMF to post a bond in the amount of \$2 million.

11 Dated: December 3, 2018

BRYAN CAVE LEIGHTON PAISNER LLP

12 By: /s/ Robert E. Boone III
 13 Robert E. Boone III

14 Attorneys for Defendant
 15 AMP PLUS, INC. d/b/a Elco Lighting
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